

**Fawry for Banking Technology and Electronic  
Payments (S.A.E.)**

**Condensed Separate Interim Financial Statements  
For the nine months ended September 30, 2021  
Together with Limited Review Report**

Translation of Review  
Report Originally Issued in Arabic

Limited Review Report on the condensed separate interim financial statements

To: The Board of Directors of Fawry for Banking Technology and Electronic Payments "S.A.E."

Introduction

We have reviewed the accompanying condensed separate interim financial statements of Fawry for Banking Technology and Electronic Payments S.A.E. which comprise the condensed separate interim statement of financial position as of September 30, 2021 and the related condensed separate interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine months' period then ended, and other explanatory notes. Management is responsible for the preparation and fair presentation of the condensed separate interim financial statements in accordance with Egyptian Accounting Standard No. (30) "Interim financial statements". Our responsibility is to express a conclusion on these condensed separate interim financial statements based on our review.

Scope of Review

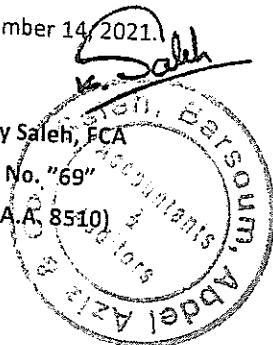
We conducted our review in accordance with Egyptian Standard on Review Engagements (2410) "Review of Interim Financial Statement Performed by the Independent Auditor of the Entity". Review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed separate interim financial statements do not present fairly in all material respects the separate financial position of the entity as at September 30, 2021, and of its separate financial performance and its separate cash flows for the nine months' period then ended in accordance with Egyptian Accounting Standard No. (30) "Interim financial statements".

Cairo – November 14, 2021.

Kamel Magdy Saleh, FCA  
FRA Register No. "69"  
F.E.S.A.A. (R.A.A. 8510)



**Company for Banking Technology and Electronic Payments S.A.E.**  
**Condensed separate interim statement of profit & loss**  
**for the nine months ended September 30, 2021**

	Note No.	Nine months ended		Three months ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Operating revenues	(27)	EGP 818 583 609	EGP 668 229 543	236 824 343	249 575 676
Operating costs	(28)	(354 769 940)	(268 539 872)	(118 624 332)	(102 204 042)
Gross margin		463 813 669	377 590 681	178 200 421	147 371 634
<b>Add (Less):</b>					
General and administrative expenses	(29)	(201 719 030)	(137 417 776)	(80 442 623)	(46 858 354)
Employee Stock Ownership Plan expenses	(37)	(26 595 454)	--	(17 833 283)	--
Allowances for the Board of Directors		(2 102 067)	(462 800)	( 835 000)	( 277 500)
Selling and marketing expenses	(30)	(201 370 874)	(147 168 412)	(78 618 335)	(60 975 774)
Health insurance contribution		(2 355 986)	(1 344 731)	( 825 683)	(1 201 457)
Provisions formed	(19)	(2 500 000)	(1 330 000)	( 920 000)	( 523 000)
Net gain from incentives of spreading POS points of CBE initiative	(36)	19 278 912	--	--	--
Credit interest	(25)	98 368 222	44 388 176	39 924 930	13 168 441
Finance costs		(21 938 581)	(11 388 948)	(10 088 412)	(4 388 878)
Foreign currency exchange		95 409	108 617	79 605	33 627
Gain on sale of fixed assets		4 028 125	56 638	883 206	53 496
Other revenues		3 320 417	2 388 715	1 132 875	1 014 159
Operating profit		130 322 762	125 823 450	31 393 691	52 928 584
Dividends from investments in subsidiaries		12 060 499	25 648 133	--	8 777 876
Gain from the sale of subsidiaries shares		6 680 000	--	--	--
Other expenses		(3 632 593)	--	(1 032 593)	--
Profit for the period before tax		145 430 668	151 471 583	30 361 098	61 706 460
Current income tax		(33 341 515)	(29 033 570)	(14 038 714)	(12 482 094)
Deferred tax		747 110	--	5 983 977	--
Net profit for the period after tax		112 836 163	122 438 013	22 306 361	49 224 366
Earnings per share basic	(32)	0.093	0.135	0.0184	0.054
Earnings per share diluted	(32)	0.093	0.135	0.0184	0.054

The accompanying notes form an integral part of these condensed separate interim financial statements and to be read therewith.

Chief Finance Officer  
 AbdelMaguid Afifi

Chief Executive Officer  
 Ashraf Sabry

Chairman  
 Saifulah Coutry

**Fawry for Banking Technology and Electronic Payments S.A.E.**  
**Condensed separate interim statement of financial position**  
**as of September 30, 2021**

	<u>Note No.</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
		<u>EGP</u>	<u>EGP</u>
<b>Assets</b>			
<b><u>Non-current assets</u></b>			
Fixed assets (net)	(4)	431 396 655	251 996 210
Intangible assets (net)	(5)	243 571 586	183 554 066
Projects under construction	(6)	7 538 366	11 889 489
Investments in subsidiaries	(7)	163 514 882	99 161 433
Investments in associates	(8)	12 983 230	35 423 230
Investments available for sale	(9)	47 171 976	--
Investments in joint ventures		2 250 000	2 250 000
Loans to related parties - long term	(10)	122 190 000	190 190 531
<b>Total non-current assets</b>		<b>1 030 616 695</b>	<b>774 464 959</b>
<b><u>Current assets</u></b>			
Inventories		301 083	103 264
Accounts and notes receivable	(11)	39 456 410	32 824 027
Debtors and other debit balances	(12)	46 418 688	62 381 449
Advances to billers		335 938 083	385 426 890
Due from related parties	(13)	41 604 520	12 425 523
Loans to related parties	(10)	9 275 000	37 602 912
Treasury Bills	(14)	1 106 940 910	551 749 245
Cash and cash at banks	(15)	927 880 737	616 985 307
<b>Total current assets</b>		<b>2 507 815 431</b>	<b>1 699 498 617</b>
<b>Total assets</b>		<b>3 538 432 126</b>	<b>2 473 963 576</b>
<b><u>Equity and liabilities</u></b>			
<b><u>Equity</u></b>			
Issued and paid-up capital	(16)	853 652 060	353 652 060
Legal reserve	(17)	47 129 042	37 799 312
Reserve for employee stock ownership plan (ESOP)	(37)	37 414 270	--
Retained amount from retained earnings for capital increase		--	100 000 000
Retained earnings		274 840 067	112 141 716
Net profit for the period/year		112 836 163	186 594 594
<b>Total equity</b>		<b>1 325 871 602</b>	<b>790 187 682</b>
<b><u>Non-Current liabilities</u></b>			
Deferred tax liabilities		9 427 530	10 174 641
Lease liability		23 075 254	--
<b>Total non current liabilities</b>		<b>32 502 784</b>	<b>10 174 641</b>
<b><u>Current liabilities</u></b>			
Bank Overdraft	(18)	198 758 160	222 983 552
Provisions	(19)	23 002 142	20 502 142
Accounts and notes payable	(20)	20 363 476	28 775 362
Accounts payable - Billers	(21)	1 102 054 822	770 253 418
Merchant advances		509 999 986	353 441 286
Retailers' POS security deposits		56 840 625	38 982 500
Creditors and other credit balances	(22)	126 940 525	108 553 154
Due to related parties	(23)	119 978 686	94 235 697
Current income tax		17 920 665	35 874 142
Lease liability		4 198 653	--
<b>Total current liabilities</b>		<b>2 180 057 740</b>	<b>1 673 601 253</b>
<b>Total equity and liabilities</b>		<b>3 538 432 126</b>	<b>2 473 963 576</b>

The accompanying notes form an integral part of these condensed separate interim financial statements and to be read therewith.

*M.A.*  
**Chief Finance Officer**  
**AbdelMaguid Afifi**

*Ashraf Sabry*  
**Chief Executive Officer**  
**Ashraf Sabry**

*Saifullah Coutry*  
**Chairman**  
**Saifullah Coutry**

Auditor's limited review report attached.

**Fawry for Banking Technology and Electronic Payments S.A.E.**  
**Condensed separate interim statement of comprehensive income**  
**for the nine months ended September 30, 2021**

	<u>nine months ended</u>		<u>Three months ended</u>	
	<u>September 30, 2021</u>	<u>September 30, 2020</u>	<u>September 30, 2021</u>	<u>September 30, 2020</u>
	<u>EGP</u>	<u>EGP</u>		
Profit for the period	112 836 163	122 438 013	22 306 361	49 224 366
Other comprehensive income	--	--	--	--
Total other comprehensive income	--	--	--	--
Total comprehensive income	<u>112 836 163</u>	<u>122 438 013</u>	<u>22 306 361</u>	<u>49 224 366</u>

The accompanying notes form an integral part of these condensed separate interim financial statements and to be read therewith.

Fawry for Banking Technology and Electronic Payments S.A.E.  
Condensed separate statement of changes in equity  
for the nine months ended September 30, 2021

Note No.	Issued and paid up capital		Legal reserve		Reserve for employee stock ownership plan (ESOP)		Retained Earnings		Retained amount from retained earnings for capital increase		Net profit for the period		Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	
	353 652 060	32 465 079	--	--	120 391 285	--	--	106 684 666	122 438 013	106 684 666	122 438 013	613 193 090	
Balance as of January 1, 2020	--	--	--	--	--	--	--	--	--	--	--	122 438 013	
Items of comprehensive income	--	--	--	--	--	--	--	--	--	--	--	122 438 013	
Net profit for the period	--	--	--	--	--	--	--	--	--	--	--	122 438 013	
Total comprehensive income (restated)	--	--	--	--	--	--	--	--	--	--	--	122 438 013	
Transactions with Company's owners	--	--	--	--	--	--	--	--	--	--	--	122 438 013	
Dividends distributions	--	--	--	--	--	--	--	--	--	--	--	(9 600 000)	
Transferred to retained earnings and legal reserve	--	5 334 233	--	--	101 350 433	--	--	(106 684 666)	--	--	--	--	
Total transactions with the Company's owners	--	5 334 233	--	--	91 750 433	--	--	(106 684 666)	--	--	--	(9 600 000)	
Balance as of September 30, 2020	353 652 060	37 799 312	--	--	212 141 718	--	--	122 438 013	--	--	--	726 031 103	
Balance as of January 1, 2021	353 652 060	37 799 312	--	--	112 141 716	--	--	186 594 594	100 000 000	--	--	790 187 682	
Items of comprehensive income	--	--	--	--	--	--	--	--	--	--	--	112 836 163	
Net profit for the period	--	--	--	--	--	--	--	--	--	--	--	112 836 163	
Total comprehensive income for the period	--	--	--	--	--	--	--	--	--	--	--	112 836 163	
Transactions with Company's owners	--	--	--	--	--	--	--	--	--	--	--	112 836 163	
Dividends distributions	--	--	--	--	--	--	--	--	--	--	--	(14 566 513)	
Cash Capital increase	400 000 000	--	--	--	--	--	--	--	--	--	--	400 000 000	
Capital increase from retained earnings	100 000 000	--	--	--	--	--	--	--	(100 000 000)	--	--	--	
Transferred to retained earnings and legal reserve	--	9 329 730	--	--	177 264 864	--	--	(186 594 594)	--	--	--	--	
Reserve for employee stock ownership plan (ESOP)	--	--	--	37 414 270	--	--	--	--	--	--	--	37 414 270	
Total transactions with the Company's owners	500 000 000	9 329 730	--	37 414 270	162 698 351	--	--	(186 594 594)	(100 000 000)	--	--	422 847 757	
Balance as of September 30, 2021	853 652 060	47 129 042	--	37 414 270	274 840 067	--	--	112 836 163	--	--	--	1 325 871 602	

The accompanying notes form an integral part of these condensed separate interim financial statements and to be read therewith.  
(Decrease)/Increase in creditors and other credit balances

## Fawry for Banking Technology and Electronic Payments S.A.E.

## Condensed separate interim statement of cash flows

for the nine months ended September 30, 2021

	Note	nine months ended	
		September 30, 2021	September 30, 2020
		EGP	EGP
<b>Cash flows from operating activities:</b>			
Net profit for the period before tax		145 430 668	151 471 583
<b>Adjusted by:</b>			
Depreciation and amortization	(31)	86 102 627	65 125 796
Provisions formed	(19)	2 500 000	1 530 000
Unrealized foreign currency exchange (gain)		( 95 409)	( 209 617)
(Gain) on sale of fixed assets		(4 028 125)	( 616 638)
Dividends from investments in subsidiaries		(12 060 499)	(25 648 133)
Employee Stock Ownership Plan expenses		26 595 454	--
Net gain from incentives of spreading POS points of CBE initiative		(19 278 912)	--
Credit interest	(25)	(98 368 222)	(44 918 176)
Gain from the sale of subsidiaries shares		(6 680 000)	--
Finance costs		21 938 581	11 195 948
<b>Operating profit before changes in working capital</b>		<b>142 056 163</b>	<b>157 930 763</b>
<b>Changes in working capital</b>			
(Increase) decrease in inventories		( 197 819)	3 797
Decrease in advances to billers		49 488 807	3 544 297
Decrease / (Increase) in debtors and other debit balances		15 962 761	(2 249 327)
(Increase) in accounts and notes receivable		(6 632 383)	(17 248 960)
(Increase) in due from related parties		(29 178 997)	(42 039 537)
(Decrease) in accounts and notes payable		(8 411 886)	4 081 073
Increase in billers payable		331 801 404	324 650 914
Increase / (Decrease) in due to related parties		36 561 805	(51 841 308)
Increase in advances to merchant advances		156 558 700	63 103 402
Increase in retail deposits		17 858 125	5 407 405
Increase in creditors and other credit balances		18 387 371	17 461 572
Income tax paid		(18 065 673)	(13 850 452)
Proceed from credit interest		98 368 222	44 918 176
<b>Net cash generated from operating activities</b>		<b>804 556 600</b>	<b>493 871 815</b>
<b>Cash flows from investing activities</b>			
(Payments) to acquire fixed assets		(262 427 970)	(72 591 006)
(Payments) for projects under construction		(1 368 161)	(4 432 811)
(Payments) to acquire intangible assets		(82 014 052)	(50 079 237)
Proceeds from the sale of fixed assets		9 039 825	1 623 637
Proceeds from incentives of spreading POS points of CBE initiative		68 206 579	--
(Payments) to increase investments in subsidiaries		(41 913 449)	(35 000 000)
Proceeds from dividends from investments in subsidiaries		12 060 499	25 648 133
Net movement of treasury bills - more than three months		(555 191 665)	(216 506 731)
Proceeds from sale of subsidiaries shares		6 680 000	--
Decrease/(Increase) in loans to related parties		28 327 912	(10 000 000)
<b>Net cash (used in) investing activities</b>		<b>(818 600 482)</b>	<b>(361 338 015)</b>
<b>Cash flows from financing activities</b>			
Proceeds from capital increase		400 000 000	--
(Payments)/Proceeds from bank facilities		(24 225 392)	18 324 504
(Payments) of finance lease		(14 425 611)	--
Dividends paid		(14 566 513)	(9 600 000)
(Payments) of finance expense		(21 938 581)	(11 195 948)
<b>Net cash generated from financing activities</b>		<b>324 843 903</b>	<b>(2 471 444)</b>
Net change in cash and cash equivalents during the period		310 800 021	130 062 356
Cash and cash equivalents at beginning of the period		616 985 307	590 265 668
Changing currency difference for cash and cash equivalent		95 409	209 617
<b>Cash and cash equivalents at end of the period</b>	(15)	<b>927 880 737</b>	<b>720 537 641</b>

The accompanying notes form an integral part of these condensed separate interim financial statements and to be read therewith.

Chief Finance Officer

Chief Executive Officer

Chairman

**Fawry for Banking Technology and Electronic Payments S.A.E.**

Notes to the condensed separate interim financial statements

For the nine months ended September 30, 2021

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**1. General information**

Fawry for Banking and Payment Technology Services S.A.E. was established in accordance with the provisions of Law No. 159 of 1981 and its executive regulation, and was registered at the Commercial Register under No. 33258 on June 26, 2008, the commercial register has changed to 50840 in June 2011. The company was re-registered at the commercial register of the 6<sup>th</sup> of October under No. 1333 in July 19, 2018.

The purpose of the Company is to provide operations services specialized in systems and communications, management, operating and maintenance of equipment and computers networks services and internal systems of banks, networks, and centralized systems, establish operating systems for banking services through the internet, phone and e-payment services and circulation of secured documents electronically, taking into account the provisions of laws, regulations and decisions and provided that all the licenses necessary for pursuing these activities are issued. The duration of the company is twenty-five years from the Commercial Register date.

The interim condensed separate financial statements authorized for issuance at the Board of Directors meeting held on November 14, 2021.

**2. Statement of compliance**

The condensed separate interim financial statements have been prepared in accordance with the Egyptian Accounting Standards No. (30).

**3. Basis of preparation of the separate financial statements**

The condensed separate interim financial statements have been prepared using the same accounting policies which have been applied in the prior year. The condensed separate interim financial statements should be read in conjunction with the annual separate financial statements for the year ended December 31, 2020.

**Initial application of new Egyptian Accounting Standards "EAS"**

The Supreme Committee met to review the Egyptian accounting standards, and limited review and other assurance according to the decision of the Prime Minister No. 909 of 2011 in order to study the effects of Ministerial decision No. 69 of 2019 that was issued for the purpose of adding and modifying some of the Egyptian accounting standards to be applied from the beginning of the year 2020.

According to the current circumstances that the country is going through as a result of the outbreak of the new COVID-19 and the related economic and financial implications associated with it, in addition to the implementation of preventive measures and facing the spread of imposing restrictions on the presence of human resources in companies at full capacity on a regular basis.



The Committee agreed to postpone the application of the new Egyptian Accounting Standards and the accompanying amendments issued by decision No. 69 mentioned above to the interim financial statements that will be issued during the year 2020 that companies apply these standards and these amendments to the annual financial statements of these companies at the end of 2020 and include all accumulated effects for the year by the end of 2020.

The committee preferred to record of the accumulated effects for the whole year to the annual financial statements, with companies' committing to disclose in their interim financial statements during 2020 about this fact and its accounting impact, if any.

The decree No. 1871 of 2020 was issued by the Prime Minister to postpone the application of the following Egyptian accounting standards: Standard (47) - Financial Instruments, Standard (48) - Revenue from Contracts with Clients and Standard (49) - Lease Contracts, to be applied on the financial statements that are issued for periods begin on or after January 1, 2021.

On May 9, 2021, the Committee agreed to postpone the application of the Egyptian Accounting Standard (47) - Financial Instruments until the end of the year ending December 31, 2021.

### **3-1 Initial application of new Egyptian Accounting Standards "EAS" No.(47) – financial instrument**

#### **Summary of the most important amendments**

The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) Was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise.

1. Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset.
2. When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event.
3. based on the requirements of this standard the following standards were amended :
  - Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019.
  - Egyptian Accounting Standard No. (4) "Statement of Cash Flows".
  - Egyptian Accounting Standard No. (25) "Financial Instruments: Presentation.
  - Egyptian Accounting Standard No. (26) "Financial Instruments: Recognition and Measurement".
  - Egyptian Accounting Standard - EAS No. (40) - "Financial Instruments: Disclosures "

On 9 May 2021 The Committee agreed to postpone the application of EAS (47) – Financial Instruments till the end of the financial year 31 December 2021.

**3-2 The new Egyptian Accounting Standard No. (48) "Revenue from contracts with customers"**

**Summary of the most important amendments**

The value of the revenue is measured at fair value to the amount received or due to the establishment after excluding any amounts collected for the account of other parties or entities such as VAT, withholding taxes, as well as any commercial discount or quantity discount permitted by the enterprise.

The application of the new accounting standard will have no effect on the amount or timing of the recognition of revenues recognized in accordance with the requirements of IAS 48, where the use of the amendment was approved retroactively while demonstrating the cumulative effect of the initial application of this standard, and the results of the previous year were not adjusted.

The basic principle of Egyptian Accounting Standard 48 is that the recognition of revenue from contracts with customers must reflect:

- The rate at which performance obligations are met, corresponding to the transfer of control of a commodity or service to the customer.
- The amount the seller expects to receive for its activities.
- The way in which control of a commodity or service is transferred is crucial, as this conversion determines the recognition of revenue.
- Control of a commodity or service may be transferred continuously (revenues on the basis of progress) or on a specific date (recognition upon completion)

**The impact on financial statements**

Management implemented the new standard during the first quarter of 2021 and there is no impact on the Company's financial statements.

**3-3 The new Egyptian Accounting Standard No. (49) "Lease Contracts"**

**Summary of the most important amendments**

- 1- This new accounting standard shall supersede and revoke Standard No. (20), "Accounting Rules and Standards related to Financial Leasing" issued in 2015.
- 2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the Company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating or finance lease contracts.
- 3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract.
- 4- As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract.
- 5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis.

**The date of implementation**

EAS 49 will be applied to financial periods starting on or after January 1, 2021 and allows with early adoption if Egyptian Accounting Standard (48) "Revenue from contracts with customers" is applied at the same time.

With the exception of the date of the above, Standard 49 applies to leases that were subject to the Financial Leasing Act No. 95 of 1995 - and its amendments were processed in accordance with Egyptian Accounting Standard No. (20) "Accounting rules and standards relating to financing leases", as well as contracts Financing leasing, which arises under the Regulation of Financing Leasing and Privatization Act No. 176 of 2018, from the beginning of the annual reporting period in which Law No. 95 of 95 was repealed and Law No. 176 of 2018 was repealed. In accordance with the decision of the Minister of Investment and Cooperation No. (69) for 2019 on amending the provisions of Egyptian accounting standards, leasing companies and tenants under the financing leases of non-banking financial companies and companies with papers on the Egyptian Stock Exchange must apply the standard of financing leases on a date Its purpose is 30 September 2019, taking into account the obligation to disclose the accounting impact of applying the standard to financial statements issued from 1 January 2019 until the end of each financial period for which financial lists are prepared.

**The impact on financial statements**

Management implemented the new standard during the first quarter of 2021, refer to Note no. (4) regarding the right of use asset in addition to the value of lease liability.

**3-4 Share-based payments**

The company introduced Employees Share Ownership Plan (ESOP) program in accordance with the shareholders' approval at the extraordinary general assembly meeting on February 22, 2021. The Company assessed the program as an equity-settled, share-based compensation plan. The fair value of equity instruments recognized for provided services from employees in exchange of granting free shares or allocated shares is recognized in the employees' related costs in the income statement, the total amount to be recognized as expenses over the vesting period will be determined by reference to the fair value of the granted equity instruments, taking into consideration the modification of that fair value with the terms and conditions on which the instruments will be issued, and the effect of the revisions to the initial estimates, if any, is recognized in the income statement with a corresponding settlement of equity over the remaining vesting period. Net proceeds to be received from employees after deducting any direct transaction costs are added to the capital (at nominal value) and the share premium account when the granted shares to the employees are exercised.

**Fawry for Banking and Payment Technology Services S.A.E.**  
Notes to the condensed separate interim financial statements  
For the three months ended September 30, 2021

**4- Fixed Assets (net)**

Proje. No.	Land	Buildings		Networks and Servers		Point of Sales machines		Computers		Furniture & Office equipment		Kitchen/Improvements		Vehicles		Tools and Equipments		Right of use, Brands and Licenses		Total
		EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	
As of January 1, 2020	25 970 500	41 128 500	57 443 389	202 691 346	48 952 247	3 424 822	15 481 733	149 300	641 766	409 885 603										
Additions during the period			1 426 991	119 209 637	4 613 834	708 190	1 474 016													
Deprecials				(95 992 604)																(46 067 604)
As of December 31, 2020	25 970 500	41 128 500	58 870 380	274 933 549	52 997 091	9 133 012	16 956 649	149 300	641 766	480 781 737										
As of January 1, 2021	25 970 500	41 128 500	58 870 380	274 933 549	52 997 091	9 133 012	16 956 649	149 300	641 766	480 781 737										
Additions during the period	26 970 000	70 230 000	30 366 740	123 041 453	7 194 835	553 241	10 740 905													
Deprecials				(61 413 841)																(61 413 841)
As of September 30, 2021	52 490 500	111 359 500	89 237 120	336 561 161	60 191 916	9 686 253	27 197 634	149 300	641 766	716 813 802										
<b>Accumulated depreciation</b>																				
As of January 1, 2020		3,170,400	33 675 719	102 113 868	15 051 163	4 832 814	6 408 326	149 298	641 739	166 043 417										
Depreciation for the period		1 028 239	9 944 345	61 071 324	11 855 729	1 575 470	2 905 401			53 380 507										
Depreciation of disposals				(5 630 388)						(5 630 380)										
As of December 31, 2020		4 198 639	43 620 064	137 546 784	26 906 892	6 408 384	9 313 727	149 298	641 739	228 785 526										
As of January 1, 2021		4 198 639	43 620 064	137 546 784	26 906 892	6 408 384	9 313 727	149 298	641 739	228 785 526										
Depreciation for the period		771 178	16 714 490	37 227 795	3 054 191	939 473	2 705 055			3 087 403										
Depreciation of disposals				(7 474 474)																
As of September 30, 2021		4 969 816	59 834 554	167 300 105	29 961 083	7 348 357	12 093 792	149 298	641 739	285 417 147										
<b>Net book value</b>																				
As of September 30, 2021	52 490 500	106 389 684	29 402 566	169 261 055	30 200 833	2 337 896	15 097 843	2	27	431 396 656										
As of December 31, 2020	25 970 500	36 930 862	18 150 316	137 266 764	26 099 169	2 724 678	7 642 922	2	27	251 996 210										

\* Deprecials include points of sale deployed under the central bank's initiative. Note (37).

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For the nine months ended September 30, 2021

**5. Intangible assets (net)**

<b>Cost</b>	<b>Licenses</b>	<b>Programs</b>	<b>Total</b>
	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>
<b>As of January 1, 2020</b>	<b>34 893 245</b>	<b>160 018 329</b>	<b>194 911 574</b>
Additions during the year	2 313 754	64 024 452	66 338 206
<b>As of December 31, 2020</b>	<b>37 206 999</b>	<b>224 042 781</b>	<b>261 249 780</b>
<b>As of January 1, 2021</b>	<b>37 206 999</b>	<b>224 042 781</b>	<b>261 249 780</b>
Additions during the period	311 139	81 702 913	82 014 052
<b>As of September 30, 2021</b>	<b>37 518 138</b>	<b>305 745 694</b>	<b>343 263 832</b>
<b><u>Accumulated amortization</u></b>			
<b>As of January 1, 2020</b>	<b>10 601 905</b>	<b>45 290 845</b>	<b>55 892 750</b>
Amortization for the year	3 204 434	18 598 530	21 802 964
<b>As of January 1, 2021</b>	<b>13 806 339</b>	<b>63 889 375</b>	<b>77 695 714</b>
Amortization for the period	3 551 917	18 444 615	21 996 532
<b>As of September 30, 2021</b>	<b>17 358 256</b>	<b>82 333 990</b>	<b>99 692 246</b>
<b><u>Net book value</u></b>			
<b>As of September 30, 2021</b>	<b>20 159 882</b>	<b>223 411 704</b>	<b>243 571 586</b>
<b>As of December 31, 2020</b>	<b>23 400 660</b>	<b>160 153 406</b>	<b>183 554 066</b>

**6. Projects Under Construction**

The decrease in Projects under construction mainly due to transfers to fixed assets during the period by amount of EGP 5.7 and additions of programs and servers by amount of EGP 1.3 million.

**7. Investments in subsidiaries**

The increasing in account is due to the decision dated February 18, 2021, accordingly, the Company underwrites to 100% of the total shares of the increase in capital of Fawry Plus for Banking Services – S.A.E with 34 078 000 shares, the nominal value of the share is 1 EGP, amounting to EGP 34 078 000 with ownership 60.46%, The Company's share in the capital increase was paid of EGP 34 078 000 .

During the third quarter of 2021, the company established fawry Consumer Finance, which owns 75% of the capital of EGP 10 million.

**Fawry for Banking Technology and Electronic Payments S.A.E.**

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For the nine months ended September 30, 2021

**8. Investments in associates**

<u>Description</u>	<u>Total</u>	<u>Ownership</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	<u>shares</u>	<u>%</u>	<u>EGP</u>	<u>EGP</u>
Fawry plus for banking services	60 000 000		--	22 800 000
Bosta	14 390 955	%16.92	12 423 230	12 423 230
Tazcara	10 000	%20	200 000	200 000
Roaderz technologies	800 000	%30	360 000	--
			<b>12 983 230</b>	<b>35 423 230</b>

During the first quarter of 2021 the company acquired fawry plus for banking services and the company transferred from investment in associate to investment in subsidiaries.

During the third quarter of 2021, the company co-established Roaders Technologies owns 30% of the capital worth EGP 360 thousands and it represents 10% of company's quota in investment, and the remaining amount of EGP 3.24 million to be paid during three months from the date of establishment.

**9. Investments available for sale**

<u>Company Name</u>	<u>% of</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	<u>shares</u>	<u>EGP</u>	<u>EGP</u>
El Menus	%1	15 716 676	--
Brimore	%1	15 700 000	--
Brenger (Netherlands)	%9.9	15 755 300	--
		<b>47 171 976</b>	<b>--</b>

During the Second quarter of 2021, the company invested 1% in El menus, and the company paid \$1 million equivalent to EGP 15.71 million.

During the Second quarter of 2021, the company invested 1% in Brimore, and the company paid \$1 million equivalent to EGP 15.7 million.

During the third quarter of 2021, the company invested 9.9% in Brenger (Netherland company), and the company paid \$1 million equivalent to EGP 15.75 million.

**10. Loans to related parties**

<u>Description</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Fawry plus for banking services (subsidiary)-short term	9 275 000	37 602 912
Fawry for microfinance – long term	122 190 000	190 190 531

-On the 10<sup>th</sup> of December 2018 a short-term loan contract was signed with Fawry Plus for banking services and it was agreed by all the members of as per the general assembly meeting held as of this date, as a result, a short term loan amounted EGP 9 275 000 with a yearly interest rate according to the CBE Lending rate and CBE rate plus 2.5% and the loan was obtained during the year 2019.

**Fawry for Banking Technology and Electronic Payments S.A.E.**

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For the nine months ended September 30, 2021

-On the 29<sup>th</sup> of December 2020 the company agreed to transfer all the due from Fawry for micro finances to a loan under a two years financing contract. And the loan balance as of the financials date is EGP 122 190 000 and the two parties agreed to rely on the CBE Discount rate in calculating the loan's interest rate, the interest rate amount during the period is EGP 10 536 466.

**11. Accounts and Notes receivable**

<u>Description</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Accounts receivables – Billers and banks	38 703 102	31 698 815
Notes receivable	753 308	1 125 212
	<u>39 456 410</u>	<u>32 824 027</u>

The increase in accounts and notes receivables is due to the increase in the volume of transactions, which was reflected in the increase in the volume of revenue during the period, therefore the receivables increased by EGP 7 million.

**12. Debtors and other debit balances**

<u>Description</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Advance payments to suppliers	7 661 843	2 616 920
Accrued revenue	6 848 261	15 399 190
Prepaid expenses	10 910 115	9 480 267
Deposits with others	990 552	566 200
Withholding tax	6 589 012	16 543 269
Other debit balances	13 418 905	17 775 603
	<u>46 418 688</u>	<u>62 381 449</u>

**13. Due from related parties**

<u>Description</u>	<u>Type</u>	<u>Account type</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
			<u>EGP</u>	<u>EGP</u>
Fawry for fast moving consumer goods	(subsidiary)	Current account	9 240 859	3 553 583
Fawry for Micro Finance	(subsidiary)	Current account	27 726 254	287 061
Wafarrha.com	(associate)	Current account	220 211	220 211
Fawry for insurance Brokerage	(subsidiary)	Current account	1 202 299	874 264
Tazcra	(associate)	Current account	1 434 270	1 211 102
Fawry Plus for banking services	(Subsidiary)	Current account	1 755 327	6 279 302
Fawry consumer finance	(Subsidiary)	Current account	25 300	--
			<u>41 604 520</u>	<u>12 425 523</u>

**Fawry for Banking Technology and Electronic Payments S.A.E.**

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For the nine months ended September 30, 2021

**14. Treasury Bills**

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Treasury bills	1 117 272 605	555 117 144
<b><u>Deduct:</u></b>		
Unrealized interest	(10 331 695)	(3 367 899)
	<u>1 106 940 910</u>	<u>551 749 245</u>

**15. Cash and bank balances**

<u>Description</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Cash	255 924 997	--
Current accounts at banks – local currency	156 155 890	119 190 823
E-Acceptance (transactions under settlement)	47 970 945	18 674 265
Cash collection agencies	439 120 727	376 239 906
Current accounts at banks – foreign currency	3 425 711	4 848 411
Time deposits – local currency	10 135 009	90 074 795
Time deposits – foreign currency	15 147 458	7 957 107
<b>Cash and cash at banks</b>	<u>927 880 737</u>	<u>616 985 307</u>

For preparing the cash flow statements, the cash and cash equivalents comprise the following:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Cash and bank balances	927 880 737	493 101 678
Treasury bills – less than 3 months	--	227 435 963
	<u>927 880 737</u>	<u>720 537 641</u>

**16. Capital**

The issued and paid-up capital amounted to EGP 353 652 060 distributed over 707 304 120 shares with a nominal value of EGP 0.5, and on December 31, 2020, the General Assembly of the Company decided to increase the capital by 100 million Egyptian pounds by distributing free shares financed from the retained earnings of the Company and registered that increase in the commercial register on February 3, 2021, as well as on December 31, 2020, the General Assembly of the Company decided to increase the capital by 400 million Egyptian pounds by cash increase in nominal value through underwriting to the old shareholders and was registered by this increase in the commercial register on 20 June 2021 to become the issued and paid-up capital of EGP 853 652 060 distributed on 1 707 304 120 shares with a name value of EGP 0.50.



**Fawry for Banking Technology and Electronic Payments S.A.E.**

Notes to the condensed separate interim financial statements

For the nine months ended September 30, 2021

**17. Legal Reserve**

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Beginning balance	37 799 312	32 465 079
Transferred from prior year's net revenue	9 329 730	5 334 233
	<u>47 129 042</u>	<u>37 799 312</u>

**18. Banks facilities overdrafts**

On April 7, 2020, a finance agreement was concluded with a local bank to grant the company a credit facility with a maximum amount of EGP 150 million at the prevailing market rates, The credit facility will be used for the payment of the advances to billers (Telecommunication companies), the duration of the credit facility starts from April 7, 2020 to February 28, 2021 and the balance reached 70.8 million Egyptian pounds on September 30, 2021 (December 31, 2020 : 79.9 million Egyptian pounds).

On June 15, 2020, a finance agreement was concluded with a local bank to grant the Company a credit facility with a maximum amount of 100 million EGP at the prevailing market rates, the duration of the credit facility starts from June 15, 2020, and the balance reached 80.9 million Egyptian pounds on September 30, 2021 (December 31, 2020: 94 million Egyptian pounds).

On August 7, 2019, a finance agreement was concluded with a local bank to grant the Company a credit facility with a maximum amount of EGP 50 million at the prevailing market rates, and the balance reached EGP 47 million on September 30, 2021 (December 31, 2020: 49 million Egyptian pounds).

**19. Provisions**

	<u>Balance as of</u> <u>January 1, 2021</u>	<u>Formed during the</u> <u>period</u>	<u>Balance as of</u> <u>September 30, 2021</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Provision for claims	20 502 142	2 500 000	23 002 142
	<u>20 502 142</u>	<u>2 500 000</u>	<u>23 002 142</u>

**20. Accounts and Notes Payable**

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Accounts payable	15 496 490	27 046 581
Notes payable	4 866 986	1 728 781
	<u>20 363 476</u>	<u>28 775 362</u>

**Fawry for Banking Technology and Electronic Payments S.A.E.**

Notes to the condensed separate interim financial statements

For the nine months ended September 30, 2021

**21. Accounts Payable – Billers**

<u>Description</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Billers payable	931 802 520	630 187 367
Billers' notes payable	170 252 302	140 066 051
	<u>1 102 054 822</u>	<u>770 253 418</u>

**22. Creditors and other credit balances**

<u>Description</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Accrued expenses	43 067 354	24 059 177
Accrued commissions	45 754 911	33 806 311
Tax Authority	22 124 178	33 103 000
Unearned revenue	478 225	2 776 749
Health insurance contributions	2 355 988	2 528 917
Under settlement transactions	6 765 153	7 955 177
Other credit balances	6 394 716	4 323 823
	<u>126 940 525</u>	<u>108 553 154</u>

**23. Due to related parties**

	<u>Nature of relationship</u>	<u>Account type</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
			<u>EGP</u>	<u>EGP</u>
Fawry for Integrated Systems	Subsidiary	Current account	58 562 131	57 381 002
Fawry Dahab for Electronic Services	Subsidiary	Current account	61 416 555	36 854 695
			<u>119 978 686</u>	<u>94 235 697</u>

For significant related parties transactions refer to disclosure No.(26)

**24. Contingent liabilities**

Contingent liabilities consist of the uncovered portion of letters of guarantee issued for the benefit of certain parties and entities as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Letters of guarantee – local currency	728 625 375	826 744 625
	<u>728 625 375</u>	<u>826 744 625</u>

- Letters of guarantee facilities to 1.061 million Egyptian pounds as of September 30, 2021, The utilized amounts from the banks facilities amounted to EGP 728.6 million in the form of issued letters of guarantee.

**Fawry for Banking Technology and Electronic Payments S.A.E.**

Notes to the condensed separate interim financial statements

For the nine months ended September 30, 2021

**25. Credit Interest**

<u>Description</u>	<u>September 30, 2021</u>	<u>September 30, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Current accounts and Time deposits credit interest	4 939 154	4 500 747
Treasury bills credit interest	81 175 430	37 426 028
Loans to related parties credit interest	12 253 638	2 991 401
	<u>98 368 222</u>	<u>44 918 176</u>

**26. Significant related parties' transactions**

	<u>Nature of the Transaction</u>	<u>Volume of transactions</u>
		<u>during the period</u>
		<u>EGP</u>
Fawry Dahab for	Electronic Payment services revenue	(285 189 604)
Electronic Services	collected on behalf	156 854 467
	Electronic Payment services cost	
	Electronic payment service revenue from related party	12 780 424
Fawry Integrated Services	Intangible assets purchases	(58 124 928)
	POS machine sales from related party	(123 249 113)
Fawry Plus for Banking	Capital Increase	(34 077 999)
Services	Cost of cash collection on behalf of related party	(51 881 283)
	Credit interest from the related party	(1 717 172)
Fawry for Micro Finance	Loans to related parties	68 000 531
	Credit interest from related party	(10 536 466)

**27. Operating revenues**

	<u>September 30, 2021</u>	<u>September 30, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Transactions services revenues – collection fees	765 372 844	616 017 540
Subscription revenues	53 210 765	48 182 003
	<u>818 583 609</u>	<u>664 199 543</u>

**28. Operating costs**

The main reason behind the increase in operating costs is the increase of merchants' fees by the amount of EGP 45 million, increase in depreciation and amortization by amount of EGP 21 million, the increase of cash collection costs by an amount EGP 27 million and increase in other costs by an amount of EGP 6 million during the period.

## Fawry for Banking Technology and Electronic Payments S.A.E.

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For the nine months ended September 30, 2021

### 29. General and administrative expenses

The main reason behind the increase in general and administrative expenses is the increase in salaries and wages in the amount of EGP 33 million, the increase in depreciation and amortization by an amount of EGP 17.89 million. In addition to the increase in outsourcing, technical support and services with an amount of EGP 8.4 million.

### 30. Selling and Marketing expenses

The main reason for the increase in selling and distribution expenses is the increase of the salaries by an amount of EGP 39 million, the increase in selling and marketing commission by an amount of EGP 5 million. In addition to the increase of marketing and advertising expenses by an amount of EGP 11 million during the period.

### 31. Depreciation and amortization

The depreciation and amortization for the period amounting to EGP 86 102 627 was charged to the statement of profit or loss as follows:

<u>Description</u>	<u>September 30, 2021</u>	<u>September 30, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Operating costs	24 167 315	23 518 572
General and administrative expenses	61 935 312	41 607 224
	<u>86 102 627</u>	<u>65 125 796</u>

### 32. Earnings per share

Earnings per share figures are calculated by dividing the net profit for the period by the average number of outstanding shares during the period.

	<u>September 30, 2021</u>		<u>September 30, 2020</u>	
	<u>EGP</u>		<u>EGP</u>	
	<u>Basic</u>	<u>Diluted</u>	<u>Basic</u>	<u>Diluted</u>
Net profit of the period	112 836 163	112 836 163	122 438 013	122 438 013
Average number of shares	1 209 526 342	1 209 966 108	907 304 120	907 304 120
	<u>0.093</u>	<u>0.093</u>	<u>0.135</u>	<u>0.135</u>

### 33. Tax Position

#### Corporate tax

The Company's profit is subject to tax in accordance with the income tax law no. 91 for year 2005 and its executive regulations and amendments.

#### Years from 2009 until 31 December 2012

- The Company's records have been inspected and the tax differences have been settled.

**Years from 2013 until 31 December 2017**

- The company was notified with deemed tax inspection request for the mentioned years, the company appealed on legal dates and the company's records are currently under inspection based on actual basis.

**Years from 2018 until 31 December 2020**

- The company's records haven't been inspected yet by the tax authority for the mentioned years and hasn't received any tax claims for these years.

**Payroll tax**

**Years from inception until 31 December 2016**

The Company's records have been inspected and the tax differences have been settled.

**Years 2017 and 2020**

- The company's records haven't been inspected yet by the tax authority for the mentioned years and hasn't received any tax claims for these years.

**Stamp duty tax**

**Years from inception until 31 December 2014**

- The Company's records have been inspected and the tax differences have been settled.

**Years from 2015 until 31 December 2020**

- The company's records haven't been inspected yet by the tax authority for the mentioned years and hasn't received any tax claims for these years.

**Sales tax / VAT tax**

**Years from inception until 31 December 2014**

- The Company's records have been inspected and the tax differences have been settled.

**Years from 2015 until 31 December 2017**

- The Company's records are currently under inspection and the company has not received any claims regarding the results of the tax inspection.

**Years from 2018 until 31 December 2020**

- The company's records haven't been inspected yet by the tax authority for the mentioned years and hasn't received any tax claims for these years.

**Withholding tax**

**Years from inception until 31 December 2020**

- The company's records haven't been inspected yet by the tax authority for the mentioned years and hasn't received any tax claims for these years.

## **Fawry for Banking Technology and Electronic Payments S.A.E.**

Notes to the condensed separate interim financial statements

For the nine months ended September 30, 2021

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### **34. Legal Position**

During the third quarter of 2019, a third-party Company filed a lawsuit against Fawry Banking and payment technology services "The Company" to pay amount of EGP 30 million for the contract dues from year 2015 to September 30, 2019 in addition the legal accrued interest on this amount and according to that, the company did not took place any transactions related to this the aforementioned contract, the company and the company's external legal advisor opinion regarding this case is likely to be favored of Fawry Banking and Payments Technology Services without any financial liabilities on the Company as a result of this case.

A judgment was passed in this case in favor of the company on October 31, 2021.

### **35. Significant events**

- On April 29, 2021, the AGM decided to distribute 15.7 million Egyptian pounds to employees.
- During the first quarter of 2020, the world was exposed to the spread of the Corona virus emerging (COVID-19), as this virus was characterized by its rapid spread in the countries of the world, until the World Health Organization declared a health emergency, on January 30, 2020, and the declaration of the virus as a global epidemic on March 11, 2020 The spread of this virus had a negative impact on the economies of many countries, which was reflected in the reality of the performance of financial markets and the volume of global trade.
- On March 19, 2020, international air traffic was suspended, and on March 25, 2020. The Egyptian government imposed a curfew for a period of two weeks and renewed it for another two weeks, which negatively affected the Egyptian economy in general.
- April 8, 2020 - The Egyptian government officially announced that it would prohibit the movement or movement of citizens, in all parts of the republic, on all roads from eight o'clock in the evening until six o'clock in the morning; An exception is made from the application of the provision of the first article of this decision, which is related to curfews, the service of operators of the international information network and communication networks, electronic applications and ATM cards, and all services for food, beverages and merchandise delivery to customers, whether the request is through electronic or other applications, and workers in any of These activities are excluded, while adhering to all applicable health precautions.
- On June 23, 2020 the Egyptian government officially announced the abolition of the curfew with the imposition of precautionary measures and the reopening of restaurants and cafes as of Saturday, 27 June 2020 with a capacity of 25%, the closure of shops and malls from nine in the evening instead of the sixth and the closure of restaurants and cafes at ten in the evening and the continued closure of gardens, parks and beaches And the continuation of the mass transportation work until midnight and the reopening of theaters and cinemas with a capacity of 25%.

The Company has conducted a study with a view to assessing the potential risks related to the company's ability to provide electronic payment services through the multiple payment channels that the company provides, human resources, in order to ensure the Company's activities continue without interruption or interruption. On its business and activities, the first half of the current fiscal year witnessed an increase in demand for electronic payment services, in light of the

measures taken by the Egyptian government and the Central Bank of Egypt to encourage the use of various electronic payment methods, and this was reflected in the increase in the company's revenues in the first half of this year. The administration is closely monitoring the situation and continuously evaluating its impact on the Company's activities in anticipation of any developments that may result in negative effects of this pandemic, enabling the company to amend the plans necessary to meet potential negative impacts, if any.

In this regard, the Group's management conducted a study to assess the potential risks related to the group's ability to provide its services through its multiple products and its impact on the activities of the group as a whole, human resources, in order to ensure that the group's activities continue without interruption or interruption and the study includes the following elements:

- Risk of impairment in investments
- Collection risks related to other debit balances and related parties on their due dates.
- Liquidity risks related to payment of liabilities to creditors, Billers and merchants.

The management of the company concluded that it is unexpected to have a substantial negative impact on its business and activities. The department is following the situation closely and assessing its impact on the company's activities on an ongoing basis in anticipation of any developments that may have negative effects on that pandemic, enabling the company to modify the plans necessary to counter the potential negative effects, if any.

### **36. Incentives related to the Central Bank of Egypt's initiative**

During the fiscal year 2020, the Company entered into agreements with some Egyptian banks with the aim of cooperating in purchasing, deploying and managing points of sale under the Central Bank of Egypt 's initiative to promote for the use and acceptance of electronic payments which was issued during May 2020, the aforementioned initiative included the disbursement of an incentive for each electronic point of sale installed according to the type of machine and its geographical location.

The total incentive included in the profit or loss that the company obtained in exchange for deploying and installing points of sale under that initiative was an amount of EGP 68 206 579, while the cost of purchasing the POS equipment amounted to EGP 48 927 667 which were derecognized from fixed assets (note 4).

**Fawry for Banking Technology and Electronic Payments S.A.E.**

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For the nine months ended September 30, 2021

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**37. Share-based payments.**

The Company introduced an Employees Share Ownership Plan (ESOP) program in accordance with the shareholders' approval at the extraordinary general assembly meeting held on February 22, 2021, The company granted free shares and allocated shares to some of its employees in accordance with the ESOP program which includes giving the right to some employees a completing a term of 3 years in service at The Company to have the right in ordinary shares by granting free shares or allocating shares by 50% of the fair value on the vesting date after completion of a term of 2 years in service at The Company and which will be issued on the date of the grants. The equity instruments for share-based payment are recognized at fair value on the grant date and are recorded in the income statement on a straight line basis during a three-years period for the grant of free shares and two years for the allocated shares at 50% of the shares' fair values on the vesting date, with a corresponding increase in equity based on the Company's estimate, at each reporting date, for the number of shares that will vest. The fair value of granted shares was determined based on the share price announced on the Egyptian Stock Exchange at the grant date.

**Equity instruments during the year represents the following:**

	<b><u>September 30, 2021</u></b>	
	<b><u>EGP</u></b>	<b><u>No. of shares</u></b>
Outstanding at the beginning of the period	--	--
Granted during the period*	37 414 270	16 255 526
Forfeited during the period	--	--
Exercised during the period	--	--
<b>Total at the end of the period</b>	<b><u>37 414 270</u></b>	<b><u>16 255 625</u></b>

\* The number of shares granted during the period is 16 255 546 shares, which are 8 127 773 free shares and 8 127 773 allocated shares at 50% of the fair value at the vesting date.